

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Administrative Office	(2) MEETING DATE 11/22/2016	(3) CONTACT/PHONE Lisa Howe / 781-5011	
(4) SUBJECT Submittal of the FY 2016-17 First Quarter Financial Status Report and request to approve a Position Allocation List adjustment as detailed in Section 3 of the report and various financial actions as detailed in Section 4. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board of Supervisors: 1. Receive, review, and file the FY 2016-17 First Quarter Financial Status Report; 2. Approve a resolution amending the Position Allocation List (PAL) for FC 180 - Social Services to delete 1.00 FTE Program Manager position and add 1.00 FTE Administrative Services Manager position and the PAL for FC 160 – Public Health to delete 1.00 FTE Sr. Account Clerk position and 1.00 FTE Program Manager position and add 1.00 FTE Accounting Technician position and 1.00 FTE Division Manager – Health Agency position; 3. Accept a cash donation in the amount of \$2,121 from the Adult Abuse Prevention Council (AAPC) on behalf of FC 132 – District Attorney to be used for completing a First Responder Video Project; 4. Accept cash donations in the amount of \$20,969 on behalf of FC 137 - Animal Services; 5. Accept cash donations in the amount of \$618 and authorize a budget adjustment to appropriate the gift funds in FC 180 - Social Services operating budget. 6. Accept Friends of the Cambria Library cash donations in the amount of \$34,673 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operation budget and FC 200 – Maintenance Projects.; 7. Accept cash donations in the amount of \$81,911.99 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operating budget; 8. Accept a request by the Department of Social Services for Relief of Accountability in the amount of \$14,681.42 for uncollectable debt for the CalWORKs, CalFresh, and General Assistance debts; 9. Approve a budget adjustment to FC 200 – Maintenance Projects in the amount of \$500,000 using the General Government Building Designation in the General Government Replacement Fund as the financing source for seismic assessment of County facilities; 10. Approve a budget adjustment to FC 377 – Library in the amount of \$14,582.32 using the Library's Atascadero Building Expansion Designation as the financing source to reimburse the Library Department for Atascadero Library related costs; and 11. Amend the Fixed Asset List for FC 266 – Countywide Automation to include the replacement of four, out-of-support MIII transceiver units for the County's radio communications system in the amount of \$28,000. Recommendations 5 through 10 require a 4/5 vote.			
(6) FUNDING SOURCE(S) Various; No impact to General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$140,292.99 Gift Funds; \$14,681.42 Discharge of Bad Debt; \$514,582.32 Miscellaneous; and \$39,801 Reclassification Requests	(8) ANNUAL FINANCIAL IMPACT \$68,229 Reclassification Requests	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <u>1617041; 1617042; 1617039; 1617040; 1617038</u> <input checked="" type="checkbox"/> 4/5 Vote Required <input type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date: _____	
(17) ADMINISTRATIVE OFFICE REVIEW This item was prepared by the Administrative Office.			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Administrative Office / Lisa Howe / 781-5011

DATE: 11/22/2016

SUBJECT: Submittal of the FY 2016-17 First Quarter Financial Status Report and request to approve a Position Allocation List adjustment as detailed in Section 3 of the report and various financial actions as detailed in Section 4. All Districts.

RECOMMENDATION

It is recommended that the Board of Supervisors:

1. Receive, review, and file the FY 2016-17 First Quarter Financial Status Report;
2. Approve a resolution amending the Position Allocation List (PAL) for FC 180- Social Services to delete 1.00 FTE Program Manager position and add 1.00 FTE Administrative Services Manager position and the PAL for FC 160 – Public Health to delete 1.00 FTE Sr. Account Clerk position and 1.00 FTE Program Manager position and add 1.00 FTE Accounting Technician position and 1.00 FTE Division Manager – Health Agency position;
3. Accept a cash donation in the amount of \$2,121 from the Adult Abuse Prevention Council (AAPC) on behalf of FC 132 – District Attorney to be used for completing a First Responder Video Project;
4. Accept cash donations in the amount of \$20,969 on behalf of FC 137- Animal Services;
5. Accept cash donations in the amount of \$618 and authorize a budget adjustment to appropriate the gift funds in FC 180 - Social Services operating budget.
6. Accept Friends of the Cambria Library cash donations in the amount of \$34,673 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operation budget and FC 200 – Maintenance Projects.;
7. Accept cash donations in the amount of \$81,911.99 and authorize a budget adjustment to appropriate the gift funds in FC 377 - Library operating budget;
8. Accept a request by the Department of Social Services for Relief of Accountability in the amount of \$14,681.42 for uncollectable debt for the CalWORKs, CalFresh, and General Assistance debts;
9. Approve a budget adjustment to FC 200 – Maintenance Projects in the amount of \$500,000 using the General Government Building Designation in the General Government Replacement Fund as the financing source for seismic assessment of County facilities;
10. Approve a budget adjustment to FC 377 – Library in the amount of \$14,582.32 using the Library's Atascadero Building Expansion Designation as the financing source to reimburse the Library Department for Atascadero Library related costs; and
11. Amend the Fixed Asset List for FC 266 – Countywide Automation to include the replacement of four, out-of-support MIII transceiver units for the County's radio communications system in the amount of \$28,000.

Recommendations 5 through 10 require a 4/5 vote.

DISCUSSION:

Overview

This report is intended to provide the Board of Supervisors and the public with an overview of the County's financial performance through the first quarter of FY 2016-17, which spans from July 1 through September 30, 2016. The financial report presented to the Board primarily contains exception reporting; in other words, in most cases no mention is made if

the financial status of the fund center is within expected parameters.

The report (found in Attachment 1) is divided into five sections:

- **Section 1** - an overview of the County's financial position at the end of the first quarter of FY 2016-17, as well as brief summaries of noteworthy departmental fiscal and operational issues;
- **Section 2** - an update on the Status of Funds, Contingencies and Reserves;
- **Section 3** - a listing of all personnel changes approved by the Board of Supervisors and administrative personnel changes approved by the Human Resources Director during the first quarter, as well as a request to approve an amendment to the Position Allocation List (PAL) as a result of the position reclassification process;
- **Section 4** - miscellaneous financial items for the Board's consideration, such as requests from departments for acceptance of gift funds and donations, discharge of bad debt, various budget adjustments and surplus of aged Fleet vehicles; and
- **Section 5** - an update on the capital improvement and maintenance projects managed by the Public Works, Airports, and Golf (See Attachment 3).

Executive Summary

The overall spending levels and revenue patterns for the first quarter are within expected levels and on par with those from the first quarter of FY 2015-16 for All Funds and the General Fund. Revenue receipt totals for All Funds were 13% and Expenditures were 21% of budget. General Fund expenditures were 22% of budget, while General Fund revenues were realized at 8% of budget. Revenue realized for All Funds in the first quarter is slightly higher than in the prior year. This is due to a variety of factors including, timing differences from government aid, timing differences due to debt service payments, and the Public Facility Fee Fund realized 45% of budgeted revenue compared to 23% in the prior year reflecting a larger volume of high density residential dwellings as well as several major projects. Section 2 of the report provides information on variations in revenue receipts by type compared to the prior year, as well as the status of contingencies and reserves and the status of revenues and expenditures compared to the budget for all fund centers.

It is important to note that revenue realization rates are typically low in the first quarter due to the time lag involved in billing cycles and the receipt of reimbursements, and because some of the largest revenue sources--property taxes, for example--are historically realized near the end of the fiscal year.

Items of note in the first quarter:

With only three months elapsed in the fiscal year, it is typical that few significant variances have emerged. All departments are reporting that their budgets are on track and expect to remain within their budgeted level of General Fund support at the end of the year. Section 1 of the report includes status reports on enterprise fund departments, Golf and Airports. Section 3 includes a discussion of three position reclassification requests recommended by the Human Resources department.

FC 427 - Golf

As of the end of the first quarter, Golf is projecting a year-end deficit of \$474,356, which is \$7,125 more than what was anticipated in the FY 2016-17 Proposed Budget. This shortfall is primarily due to a decline in revenue from Dairy Creek Golf Course from the lack of available irrigation water. As of the end of the first quarter, the total number of rounds played decreased by 2.7% (840 rounds) compared to the first quarter of FY 2015-16 which was also lower than historical averages. As part of the update to the Board on October 4, 2016, the Parks and Recreation Department presented a plan that would keep a cash balance for Golf no lower than \$300,000. If, at the end of the third quarter of each fiscal year, it is projected that a deficit would deplete the cash balance below \$300,000, a request will be made to make up the difference with General Fund contingencies. As of September 30, 2016, Golf had a cash balance of \$727,229. With the currently projected deficit of \$474,356, this would leave a remaining cash balance of \$252,873. Therefore, \$47,127 would be needed from General Fund contingencies if the projected deficit held steady. The status of the deficit will be reported in the next two quarters, with any adjustment needed requested in the third quarter.

FC 425 - Airports

Enplanement in the first quarter were up 22% compared to the same period last year, mainly due to an addition in the number of flights during FY 2015-16. Two flights were added in September of 2015, which increased service to Los Angeles (LAX), and San Francisco (SFO). In February of 2016, a single flight to Phoenix (PHX) was added. This increased activity has resulted in greater fee revenue related to landing, fuel, and parking. With Alaska Airlines planned to commence operations in April of 2017, continued growth in the next fiscal year is expected.

Airports is projecting a year-end operating deficit of \$235,520, as of the end of the first quarter. This compares favorably with the budgeted operating deficit going into FY 2016-17 of \$377,616. The variance of \$142,096 is primarily due to the additional flight added in February, mentioned above. The new additional flight scheduled by Alaska Airlines in mid-April of 2017 should further improve the outlook for the fiscal year.

Position Reclassifications

The Human Resources Department oversees the County's Classification Plan pursuant to Civil Service Commission Rule 5. At times, changes in regulations, business requirements, etc. may result in significant change to duties assigned to individual positions. These may include changes to level of complexity, decision-making authority, and/or scope of the work to be performed. When an employee believes the duties they are permanently assigned outside the scope of their position, a reclassification process may be initiated.

During the first quarter, the Human Resources Department completed three position studies as part of its responsibility for overseeing the County's Classification Plan pursuant to Civil Service Commission Rule 5. These studies resulted in a determination that the incumbents should be reclassified. Human Resources requests that the Board of Supervisors approve a resolution amending the Position Allocation List for FC 160 – Public Health and FC 180 – Department of Social Services, to reflect changes in the classification of three positions. The current FY 2016-17 cost associated with these three reclassifications is approximately \$39,801. The cost of the PAL changes was not included in the FY 2016-17 and the departments expect to absorb the cost increases using salary savings due to staff vacancies. The annualized cost associated with these three reclassifications is approximately \$68,229 and will be included as part of the departments' FY 2017-18 requested budgets.

Another item to note is that prior to the end of the first quarter, on September 20, 2016, the Board approved compensation increases for unrepresented employees in Bargaining Units 07 - Operations and Staff, 08 - General Management, 09 - Appointed Department Heads, 10 - Elected Department Heads, 11 - Confidential, and 16 - General Management Law Enforcement. Due to this item being approved at the end of the first quarter, the potential impact to the County General Fund is not reflected in the report. The County costs for the FY 2016-17 3% wage increases for these fund centers are estimated at \$1,589,215, and the 0.5% equity adjustment is estimated at \$281,434. As stated in the September 20, 2016 staff report, departmental savings and/or unanticipated revenue will be the primary source of funding for unbudgeted expenditures associated with the compensation increases. To the extent departmental savings are not available to cover the amount, staff will recommend that your Board authorize a transfer of the deficit amount out of the General Fund Contingencies to the departments' operating budgets, as needed, as part of the third quarter report.

OTHER AGENCY INVOLVEMENT/IMPACT:

All departments contributed to the development of this report. The Administrative Office, Human Resources, and the Auditor-Controller Treasurer-Tax Collector Public Administrator's Office compiled data from departments and other sources for the report. The Public Works Department prepared the attached updates on capital and maintenance projects.

FINANCIAL CONSIDERATIONS:

Approval of the recommendations will allow for a total of \$140,292.99 in gift funds and donations to be accepted on behalf of FC 132 - District Attorney, FC 137 - Animal Services, FC 180 - Social Services, and FC 377 - Library. The Board is asked to approve a transfer of gift funds received by Social Services and Library to their respective FY 2016-17 operating budgets, and to relieve accountability for uncollectable debt in the amount of \$14,681.42 for Social Services. The Board is asked to approve budget adjustments totaling \$514,582.32 from FC 200- Maintenance Projects and FC 377 – Library that will have no impact on the General Fund. In addition, the Board is amend the Fixed Asset List for FC 266 – Countywide

Automation to include the replacement of four, out-of-support MIII transceiver units for the County's public safety radio communications system in the amount of \$28,000.

The current FY 2016-17 cost associated with the three reclassifications is approximately \$39,801. The cost of the PAL changes was not included in the FY 2016-17 and the departments expect to absorb the cost increases using salary savings due to staff vacancies. The annualized cost associated with these three reclassifications is approximately \$68,229 and will be included as part of the department's FY 2017-18 requested budget.

RESULTS:

This report provides the Board of Supervisors and the public with an overview of the County's financial position at the end of the first quarter for Fiscal Year 2016-17.

c - Department Heads

ATTACHMENTS:

1. FY 2016-17 First Quarter Financial Status Report
2. Memos from departments for miscellaneous financial actions
3. Updates on maintenance and capital projects
4. Resolution – Position Allocation List Amendments (Reclassifications)